

[REDACTED]
The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC No. 04307-85
27 August 1985MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:

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Assistant National Intelligence Officer for Europe

SUBJECT: August Warning and Forecast Meeting

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I. Main Discussion Items

A. Turkey: The DECA Demands

1. Discussion: The Turks say that they will formally declare their intent to renegotiate the DECA by the 18 September deadline. They apparently believe they deserve better terms than Greece and their initial demands may be very tough. Ozal is likely to seek:

- an increase in US security assistance to about \$1 billion per year buttressed by a treaty or side letter, along the lines of the letter given to the Greeks, which would guarantee the increase against stoppages.
- a program to reschedule or reduce their Foreign Military Sales debt burden.
- a broader defense industrial cooperation program to include purchases of new weapons systems.

The renegotiations are also likely to highlight Turkey's growing concern about US activities at the bases in support of operations outside of NATO. The Turks will also seek improved arrangements for payment of operations and maintenance costs at US facilities and counter-trade concessions. The five-year term of the Turkey-US Defense Economic Cooperation Agreement expires on 18 December.

2. Warning Note: The Turks may hold out in expectation that growing US problems with Greece will make the US concede to Turk demands. Ankara's hard-bargaining tactics inadvertently could

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exacerbate deep-seated frustrations with US efforts to maintain its balance between Greece and Turkey. And, to the extent the US meets Turkey's demands, there is likely to be a strong reaction in Greece where Papandreou has not yet clarified his present stand on US bases there.

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B. France's Green Peace Scandal

1. Discussion: Domestically, the affair weakens Mitterand as he faces national elections next year and the prospect of a constitutionally murky "cohabitation" with a conservative government. The Conservatives, for their part, want to limit harm to the intelligence services but the pressure for more exposes mainly comes from the left. Abroad, judging by Swiss anger over the admitted use of fake Swiss passports and New Zealand's sharply negative reaction to the first investigation findings, there is no easing of pressure on Mitterand.

The Tricot Report on the scandal will not placate the press so the scandal will continue to evolve for some time. It now appears Admiral Lacoste will be implicated and possibly Defense Minister Hernu, Mitterand's long time political advisor. The Interior Ministry and the DST (the domestic intelligence service) may not escape the widening investigation net. If only by omission, the access and competence of Foreign Minister Dumas may come into question. It is still not clear whether Mitterand will be able to prevent the Elysee from being implicated.

2. Warning Note. Mitterand now feels under pressure to produce a "success" and may be more vulnerable to Soviet blandishments as Gorbachev's 2-5 October visit approaches. Moreover, demands for increased formal oversight of the intelligence apparatus are increasing and more exposes on unrelated cases are possible. Prior to this scandal, the leftist press had criticized working relationships with the CIA

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II. Monitoring items

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B. Denktash's Tactics on the Cyprus Talks

1. Discussion: In his reply to the UN Secretary General's initiative on 8 August, Denktash appears to be trying to delay and to shift international pressures for concessions back on the Greek Cypriots. In stalling over some 18 rather petty points of difference between the present proposal and previous drafts, he also may be counting on less UN pressure if the current Secretary General leaves. Although the gap has narrowed on some major substantive issues, Denktash can still focus on unsettled problems--like precise territorial allotments, power sharing within the state, and troop withdrawals--to drag out the current deadlock.

2. Warning Note: The US appears to be in line for more concerted pressure from both sides. Faced with Denktash's objections, President Kyprianou will likely try to bypass the

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Secretary General and may press the US to intervene with the Turks. The Greek Cypriots are also moving to make their case to the next Nonaligned Summit, a more sympathetic audience that would increase international pressure on the Turks. In response, Denktash and the Turkish government may try to win US support for their positions.

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